

Education Report: Extending expiry dates for tagged contingencies

To:	Hon Grant Robertson, Minister of Finance Hon Chris Hipkins, Minister of Education		
Date:	9 July 2020	Priority:	Medium
Security Level:	In Confidence	METIS No:	1231481
Drafter:	Peter Hay	DDI:	9(2)(a)
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Messaging seen by Communications team:	No	Round Robin:	Yes

Purpose of report

This paper proposes that the expiry dates for the Learning Support Coordinator and WAI 2336 Te Kōhanga Reo Claim tagged contingencies for Vote Education are extended to 31 October and 31 December 2020 respectively. It also proposes that the expiry date for the Wānanga Research Aspirations tagged contingency for Vote Tertiary Education is extended to 30 June 2021.

Summary

- 1 On 29 October 2018, Cabinet agreed to operating and capital contingencies to fund the introduction of the new Learning Support Coordinator (LSC) roles in schools. The remaining balance of these contingencies is for the anticipated property-related costs associated with establishing the LSC roles.
- 2 Drawing down the property-related funding has been delayed, initially due to uncertainty of allocation and placement of LSC roles. However, although the contingency draw down paper was prepared, the recent focus of departmental resources on Budget 2020 and COVID-19 have also contributed to the delay. The Learning Support Coordinator contingencies were to expire on 31 March 2020 but it is proposed that be extended to 31 October 2020.
- 3 The WAI 2336 Te Kōhanga Reo Claim tagged contingency established in Budget 2018 was intended to assist in addressing that claim. A total of \$3.152 million remains to be drawn down.
- 4 Advancing the expenditure of the balance of the contingency with Te Kōhanga Reo National Trust has been on hold while the focus of the claim work focused on securing a more sustainable ongoing funding path in Budget 2020. The WAI 2336 Te Kōhanga Reo Claim contingency was to expire on 30 June 2020 but it is proposed that be extended to 31 December 2020.
- 5 The Wānanga Research Aspirations tagged contingency was established in Budget 2018 to support engagement with wānanga and resolve their concerns about Crown funding of research in wānanga.

- 6 Proposals haven't yet been developed with all three wānanga that resolve their concerns about Crown funding of research as each institution has different priorities. Also the initial focus was on the Tribunal claim work with Raukawa. The Wānanga Research Aspirations contingency was to expire on 30 June 2020 but it is proposed that be extended to 30 June 2021.

Recommended actions

The Ministry of Education recommend that you:

- a) **note** that the Learning Support Coordinator tagged operating and capital contingencies [CAB-18-MIN-0526 refers] were due to expire on 31 March 2020;
- b) **agree** that due to delays in appropriating property-related funding required for the Learning Support Coordinator roles the expiry date for the contingencies is extended from 31 March to 31 October 2020;

agree disagree

agree disagree

- c) **note** that the WAI 2336 Te Kōhanga Reo Claim tagged operating contingency [CAB-18-MIN-0526 refers] was due to expire on 30 June 2020;
- d) **agree** that due to delays in negotiating a work programme with Te Kōhanga Reo National Trust for the balance of the contingency the expiry date is extended from 30 June to 31 December 2020;

agree disagree

agree disagree

- e) **note** that the Wānanga Research Aspirations tagged operating contingency [CAB-18-MIN-0158.29 refers] was due to expire on 30 June 2020;
- f) **agree** that due to delays in developing a proposal with all three wānanga that resolves their concerns about Crown funding of research the expiry date is extended from 30 June 2020 to 30 June 2021;

agree disagree

agree disagree

- g) **agree** to transfer the balances remaining in 2019/20 for these contingencies to subsequent years as follows:

Adjustments to Tagged Contingencies \$m	2019/20	2020/21	2021/22	2022/23	2023/24& Outyears
Learning Support Coordinators Operating	0.428	3.214	5.930	8.805	8.805
Transfer	(0.428)	0.428	-	-	-
	-	3.642	5.930	8.805	8.805

Adjustments to Tagged Contingencies \$m	2019/20	2020/21	2021/22	2022/23	2023/24& Outyears
Learning Support Coordinators Capital Transfer	4.750 (4.750)	33.250 4.750	42.750 -	14.250 -	- -
	-	38.000	42.750	14.250	-
WAI 2336 Te Kōhanga Reo Claim Transfer	3.152 (3.152)	- 3.152	- -	- -	- -
	-	3.152	-	-	-
Wānanga Research Aspirations Transfer	7.750 (7.750)	5.500 -	5.500 -	(2.250) 7.750	- -
	-	5.500	5.500	5.500	-

☒ agree ☐ disagree

☐ agree ☒ disagree

- h) forward a copy of this report to the Minister for Māori Crown Relations / Te Arawhiti

Proactive release recommendation

- i) agree that the majority of this Education Report is proactively released but that some aspects of the WAI 2336 Te Kōhanga Reo Claim be withheld where appropriate due to the sensitivity and confidentiality of ongoing discussions on the Wai 2336 claim.

☒ agree ☐ disagree

☐ agree ☒ disagree

Mark Flintoff
Mark Flintoff
Chief Financial Officer
Ministry of Education

9/4/2020

☒ Approved ☐ Not approved

Hon Grant Robertson
Minister of Finance 10 / 08 / 2020

☐ Approved ☒ Not approved

Hon Chris Hipkins
Minister of Education 5/8/2020

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___/___/___

Background

Learning Support Coordinator Contingencies

1. On 29 October 2018, Cabinet agreed to set up tagged operating and capital contingencies to fund the introduction of the new Learning Support Coordinator (LSC) roles [CAB-18-MIN-0526 refers]. Cabinet authorised joint Ministers to draw down this funding subject to your satisfaction with the specifications around the position decided following consultation, confirmed costings, and the development of an evaluation plan. The contingencies were to expire on 31 March 2020.
2. The first tranche of 623 (full-time equivalents) LSCs were introduced in State and State-integrated schools from the beginning of the 2020 school year. To date operating funding to implement this role [METIS 1194784 refers] and for digital devices [METIS 1214612 refers] has been appropriated.
3. Capital funding of \$95 million for the anticipated property-related costs associated with establishing the LSC roles in schools remains to be drawn down, along with operating funding for the related depreciation and capital charge. The current contingency balances are as follows:

Learning Support Coordinators – Tagged Contingencies \$m	2019/20	2020/21	2021/22	2022/23	2023/24& Outyears	Total
Operating	0.428	3.214	5.930	8.805	8.805	27.182
Capital	4.750	33.250	42.750	14.250	-	95.000

4. Proposals to draw down the balance of these contingencies could not be brought to Ministers before the end of March 2020. In part this reflects the impact of the uncertainty of allocation and placement of LSC roles on confirming the costing for property requirements. Some LSC roles were allocated to integrated schools which was not initially expected. Whilst a draw down paper was prepared the demands on departmental resources related to Budget 2020 initiatives and most recently COVID-19 responses have also delayed this submission.
5. It is therefore proposed that the expiry date for the Learning Support Coordinator tagged contingencies be extended from 31 March 2020 to 31 October 2020. The submission to Ministers on LSC property-related costs is expected to exhaust both the capital and operating contingencies.

WAI 2336 Te Kōhanga Reo Claim Contingency

6. There is \$3.152 million remaining in the Kōhanga Reo tagged contingency set aside in Budget 2018 [CAB-18-MIN-0158.09 refers]. This was intended to help meet costs arising from any early decisions made by the Crown in responding to the WAI 2336 claim.
7. There has been \$2.697 million expended from this contingency to date. This has enabled completion of condition assessments of kohanga reo and upgrading ICT for kohanga reo and Te Kōhanga Reo National Trust as follows:

WAI 2336 Te Kōhanga Reo Claim Tagged Contingencies \$m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24& Outyears
Operating	5.849	-	-	-	-	-
Funding for completing condition assessment of nga kohanga reo & upgrading ICT	(2.697)	-	-	-	-	-
Rephasing balance	(3.152)	3.152	-	-	-	-
Balance	-	3.152	-	-	-	-

8. Recently the focus for kohanga reo has been on securing a more sustainable ongoing funding path as part of Budget 2020. Consequently, activity on other parts of the work programme the Crown has agreed with the Trust, including matters relating to use of the balance of the contingency, has been on hold.
9. The Crown were about to restart discussions with the Trust just prior to the COVID-19 lockdown. The delay caused by the lockdown, in conjunction with the Budget moratorium, makes it very unlikely that drawdown of the remaining contingency will be confirmed by 30 June 2020. Therefore we propose an extension to 31 December 2020 for the contingency's expiry date.

Wānanga Research Aspirations Contingency

10. The Wānanga Research Aspirations tagged contingency was established in Budget 2018 to support engagement with wānanga and resolve their concerns about Crown funding of research in wānanga [CAB-18-MIN-0158.29 refers]. The overall aim is to develop a sustainable funding mechanism with the three wānanga that addresses their development aspirations.
11. On 4 April 2019 funding was appropriated for a lump sum payment to Te Wānanga o Raukawa as part of WAI 2698 and to expand the Wānanga Research Capability Fund (Metis 183869 refers). This submission also extended the expiry date for the contingency to 30 June 2020. The current position of the contingency is as follows:

Wānanga Research Aspirations – Tagged Contingency \$m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24& Outyears
Initial balance	10.000	10.000	10.000	10.000	-	-
Te Wānanga o Raukawa WAI 2698 payment	(10.000)	-	-	-	-	-
Wānanga Research Capability Fund	-	(2.250)	(4.500)	(4.500)	(2.250)	-
Balance	-	7.750	5.500	5.500	(2.250)	-

12. We are still in the process of developing a funding mechanism with the Wānanga that resolves their concerns about Crown support for mātauranga or research. This is a collaborative project dependent on the overall relationship with wānanga, where there are a number of issues to address, not limited to funding. The funding drawn down from the contingency to date has gone some way to building this relationship with the wānanga collectively and Te Wānanga o Raukawa in particular, which had filed a Tribunal claim that we had to give some priority to.

13. We are currently advising Ministers and Cabinet simultaneously on a long-term solution to the research aspirations of Raukawa (as part of a programme of work on their claim), and on a solution to the research aspirations of all three wānanga. Both of these policy proposals are being co-developed with the three wānanga and we expect – subject to Ministers' agreement in July – to move to implementation using the contingency funding in late 2020. A further extension for the contingency's expiry date to 30 June 2021 is therefore proposed.

Proactive release

14. We recommend that parts of this Education Report are not released at this time because it contains sensitive and confidential information regarding ongoing discussions on the Kohanga Reo Wai 2336 claim.